

Management – Chapter 7 Answers

1. Balance of payments	8. FICA	14. Long-term capital gains or losses	19. Tariffs
2. Bilateral contract	9. Foreign exchange	15. Operating lease	20. UCC
3. Capital assets	10. International finance	16. Quasi-contract	21. Unilateral contract
4. Capital lease	11. International trade	17. Quota	22. Voucher
5. Contract	12. Lease	18. Short-term capital gains or losses	23. Voucher system
6. Currency	13. Licensing agreement		
7. Embargo			

- 3 _____ Any property a taxpayer holds that is not listed in Section 1221, which includes inventory, accounts receivable and depreciable property or real estate used in a business.
- 6 _____ Consists of coins and paper money issued by the federal government
- 12 _____ Contract outlines the conditions of how property owners may rent property to others.
- 22 _____ Document used to authorize payment of a liability.
- 11 _____ Economic concepts, political economy and sociocultural climate of different nations.
- 5 _____ For an agreement to be legally enforceable, five elements must be present, legality, mutuality of agreement, consideration, capacity of parties and form required by law.
- 17 _____ Form of commercial policy to restrict the amount of international trade (import and tariff)
- 1 _____ International summary statement of all economic and financial transactions between one country and the rest of the world for one year.
- 2 _____ Involves an exchange of promises. The offer is accepted by a return promise from the offeree. Unless the offer provides that acceptance is to be by actual performance, a promise to perform will usually suffice as an acceptance.
- 4 _____ Long-term, non-cancelable lease and although legally a rental agreement, is in substance an installment purchase by the lessee. Generally accepted accounting principles require that substance be recorded.
- 9 _____ Monetary means for making payments in currencies other than a country's own currency.
- 10 _____ Movement of monies from one country to another.
- 16 _____ Not a contract in the true sense because there is no mutual assent, but the law imposes an obligation under some circumstances where there is no agreement between the parties to prevent an injustice from occurring. Found to exist to prevent unjust enrichment of a party.
- 13 _____ Often called a franchise, is when one party allows another to use the licensor's trade name, trademarks, commercial symbols, copyrights and other property in the distribution and selling of goods and services.
- 20 _____ Promotes greater uniformity in interstate commercial transactions; developed as a model law for state consideration and enactment.
- 14 _____ Result from dispositions of capital assets held for more than one year. Used to offset long-term capital gains.
- 18 _____ Result from dispositions of capital assets held for one year or less. Must initially be offset to determine net short-term capital gain or loss.
- 8 _____ Social Security tax must be withheld from each employee's pay. The employer must also pay a tax at the same rate as the employee.
- 19 _____ Taxes levied on commodities as they move through a custom boundary.
- 21 _____ The offer invites acceptance only by performance of the requested act, not by a return promise.
- 7 _____ Unique form of quota, during which no units of a particular commodity can be imported or in some cases exported.
- 23 _____ Used to obtain the maximum amount of internal control over cash disbursements, purchasing and receiving and requires that a voucher be prepared and verified prior to making any payments.
- 15 _____ Usually short-term and gives the lessee the right to use the asset for a given time, but the lessor retains ownership and all its risks and rewards.